

Message Text

CONFIDENTIAL

PAGE 01 KUALA 03105 170147Z

70

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 GSA-01 TRSE-00 INT-08 AID-20

NSC-10 RSC-01 CIEP-02 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 TAR-02 AGR-20 OEP-01 RSR-01

/159 W

----- 101982

R 160949Z JUL 73

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 4751

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

C O N F I D E N T I A L KUALA LUMPUR 3105

E.O. 11652: GDS

TAGS: EIND

SUBJECT: RUBBER & TIN DISPOSALS

SUMMARY: GOM TODAY INFORMALLY PROPOSED USG INCREASE DISPOSAL RUBBER AND TIN STOCKPILES. EXPLICITLY REQUESTED THAT WE PROTECT THEM ON THIS APPROACH, ESPECIALLY VIS-A-VIS OTHER PRODUCERS. END SUMMARY.

1. MINISTER PRIMARY INDUSTRY TAIB MAHMUD THIS MORNING CALLED ME IN TO SAY THAT GOM WOULD RAISE NO OBJECTION IF, IN PRESENT PERIOD OF OVERLY INFLATED PRICES, USG WERE TO ACCELERATE DISPOSAL OF ITS RUBBER AND TIN STOCKPILES. HE IDENTIFIED A FLOOR BELOW WHICH GOM WOULD NOT WISH PRICES TO DROP - I.E. SIXTY MALAYSIAN CENTS PER POUND FOR RUBBER AND M\$630 DOLLARS PER PICUL (133 LBS) FOR TIN - BUT HE DOUBTED PRICES WOULD COME DOWN THAT FAR.

2. MORE SPECIFICALLY AS REGARDS RUBBER, TAIB SAID WE SHOULD NOT REGARD THE RECENTLY PROPOSED 120,000 TON FIGURE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUALA 03105 170147Z

AS A CEILING AND THAT GOM WOULD NOT EVEN SET A QUANTITATIVE

LIMIT ON THE AMOUNT THAT MIGHT BE RELEASED. ALTHOUGH HE DOES NOT WISH OTHER PRODUCING COUNTRIES TO KNOW ABOUT GOM'S PROPOSAL, HE WAS CONFIDENT THEY WOULD NOT OBJECT PROVIDING PRICE DID NOT FALL TO 70 CENTS PER POU CN. HE THOUGHT USG COULD HANDLE THIS DISCREETLY, I.E. WITHOUT PUBLIC ANNOUNCEMENT AND WITHOUT CONSULTING PRODUCERS, AT MINIMUM POLITICAL RISK.

3. QUITE ASIDE FROM THE DESIRE TO PROTECT NATURAL RUBBER VIS-A-VIS SYNTHETIC, TAIB SAID GOM'S OBJECTIVE IN THIS PROPOSAL WAS ALSO TO ASSIST RUBBER ESTATES AGAINST INFLATIONARY PRESSURES OF HAVING TO PAY HIGHER WAGES WHICH WOULD NOT FOLLOW ANY LATER DOWNWARD TRENDS, AS WELL AS EXPLOITING THIS UNIQUE OPPORTUNITY TO MORE RAPIDLY DRAW DOWN THE STOCKPILE ITSELF.

4. AS FOR TIN, TAIB SAID THIS WAS MUCH MORE DIFFICULT, PARTLY BECAUSE THE CURRENT HIGH PRICES MIGHT BE RELATED EVEN TO SUCH TEMPORARY SITUATIONS AS THE CLOSING OF THE PRINCIPAL TIN SMELTER IN THE UK. HOWEVER, HE THOUGHT THE RELEASE OF AN ADDITIONAL 500 TONS BEYOND THAT CURRENTLY PROJECTED FOR THIS CALENDAR YEAR COULD BE ABSORBED WITHOUT ADVERSE REACTION OF THE PRODUCING COUNTRIES. HOWEVER, IF THIS WERE CONTEMPLATED HE SAID USG SHOULD FIRST GET PRODUCERS' GENERAL CONCURRENCE WHICH HE WAS CONFIDENT WOULD BE FORTHCOMING IN LIGHT OF CURRENT PRICES.

COMMENT: MY PRINCIPAL PERSONAL REPLY TO TAIB WAS THAT HIS PROPOSAL SEEMED TO PUT THE USG IN AN AWKWARD POLITICAL POSITION VIS-A-VIS OTHER PRODUCERS IF ANY OF THIS WERE UNDERTAKEN WITHOUT PRIOR ANNOUNCEMENT OR CONSULTATION. HOWEVER, I SAID I WOULD PASS HIS VIEWS BACK AND HOPE AT LEAST FOR AN EARLY IF ONLY TENTATIVE WASHINGTON RESPONSE AS TO THEIR FEASIBILITY.
CHESLAW

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KUALA03105
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS CHESLAW
Errors: N/A
Film Number: n/a
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730732/aaaaaxee.tel
Line Count: 96
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 28 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28-Nov-2001 by martinml>; APPROVED <21-Dec-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RUBBER & TIN DISPOSALS SUMMARY: GOM TODAY INFORMALLY PROPOSED USG INCREASE DIS-
TAGS: EIND
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005